

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 36**

January 13, 2021

**SUMMARY OF BILL:** Authorizes all counties, by two-thirds vote of their legislative bodies, to levy a litigation tax up to \$25 in all civil and criminal cases instituted in the county to be used to provide grants for services in support of the Child Advocacy Center (CAC) and child protective teams (CPT) that serve that county.

**ESTIMATED FISCAL IMPACT:**

**Increase Local Revenue - \$5,720,400/FY21-22 and Subsequent Years/Permissive**

**Increase Local Expenditures - \$5,720,400/FY21-22 and Subsequent Years/Permissive**

**Assumptions:**

- The impact of this legislation is dependent upon how many county legislative bodies approve of the litigation tax, the number of civil and criminal cases in each county, and the exact dollar amount of the litigation tax adopted.
- Pursuant to Tenn. Code Ann. § 40-24-105(a), the allocation formula for moneys paid into court is: the first moneys paid in any case shall first be credited toward payment of litigation taxes and once litigation taxes have been paid, the next moneys shall be credited toward payment of costs; then additional moneys shall be credited toward payment of the fine.
- Pursuant to Tenn. Code Ann. § 40-24-105(b), failure to pay litigation tax will result in suspension of a person's driver license. Given that litigation taxes are the first to be paid and the relatively low tax proposed, it is assumed that all will pay except those deemed indigent. Twenty percent are assumed to go unpaid due to indigence.
- Pursuant to Tenn. Code Ann. § 67-4-601(d), Fentress County is authorized to levy a \$25 litigation tax in all criminal cases to fund grants for services in support of physically and sexually abused children. CACs and CPTs qualify for these grants.
- This fiscal note assumes all other 94 counties will approve the litigation tax and the maximum allowable privilege tax of \$25 would be levied against all applicable cases.
- According to the Administrative Office of the Courts' 2018-2019 Annual Statistical Report, there were 49,148 filings statewide in County Circuit courts, 57,390 filings statewide in Chancery courts, and 179,987 filings statewide in Criminal courts in FY18-19, for a total of 286,525 (49,148 + 57,390 + 179,987) civil and criminal court filings. This number is assumed to remain relatively constant in all subsequent years.

- According to that same report, there were 505 criminal court filings in Fentress County in FY18-19. This is also assumed to remain relatively constant in all subsequent years. There is an average of \$10,100 [(505 cases x \$25 tax) x 80%] of this litigation tax collected in Fentress County each year and will continue to be collected.
- The permissive increase in local revenue is estimated to be \$5,720,400 {[ (286,525 cases x \$25 tax) x 80%] - \$10,100 currently collected} in FY21-22 and subsequent years, to be utilized solely as grants for CACs and CPTs.
- As the funds are solely for grants, which include non-governmental entities, there will be a direct increase in local expenditures identical to that of the increase in local revenue, estimated to be \$5,720,400 in FY21-22 and subsequent years.
- Any permissive increase in local government expenditures for counties that adopt a resolution to assess the privilege tax is estimated to be not significant.

### **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Bojan Savic, Interim Executive Director

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